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# AMERICAN MANAGEMENT REVIEW

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## In This Issue

### The Members' Forum

The Employment Department as a Training Ground  
The Stability Factor of the Personnel  
Personnel Administration, Public and Private  
Is There a "One Best Method" in Industrial Relations?  
Accumulated Experience for the New Employee

### The Management Index

Abstracts and Descriptive Notes of Company Activities Including

Office Management  
Plant Management  
Sales Management

### Survey of Books for Executives

The Labour Theory of Value in Karl Marx, H. W. B. JOSEPH  
Labor Turnover in Nebraska Department Stores, Committee  
on Business Research, University of Nebraska  
Taxation: The People's Business, ANDREW W. MELLON  
Advertising the Retail Store, BENJAMIN H. NAMM  
and others

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# AMERICAN MANAGEMENT REVIEW

*June, 1924*

## THE MEMBERS' FORUM

### The Employment Department as a Training Ground

One of the principal tenets of the Employment Manager is that training is essential to industrial organizations and cannot be avoided. With great fluency the Employment Manager discusses the feasibility of placing men in this department or that, to train them for some future need of the organization and when some particular executive refuses to conform to his views, he waxes eloquent and discourses knowingly on the "old time viewpoint" or the "narrowmindedness of some of our department heads."

It is an unfortunate fact that too often the Employment Department is regarded as a side channel not closely integrated with the rest of the organization. Many men are prevented from engaging in personnel work because they fear the side channel feature. And yet, we say that management of men will be the biggest problem of the successful business leaders of the future. There is no reason why the Employment Department cannot be used as a training ground from which men can be promoted to other positions, such as foremen, statistical clerks, production men, efficiency engineers, head timekeepers and the like. The good will which results from having contact men in various departments who have graduated from the Employment Department is inestimable. Many organizations attempt to secure this result by having their foremen work for a few weeks or a few months in the Employment Department. There is no good reason why it should not work the other way as well.

Particularly in large departments containing several hundred men or more, there will usually arise a need of a personal representative or a supervisor who is especially responsible for personnel changes in that department. Here is a splendid opportunity for graduates from the personnel department to break into the regular production work of the company. The knowledge that such an avenue of promotion exists enables the Em-

ployment Department to secure engineers or other high types of men who will, in turn, receive a training that might never come from the handling of production problems.

To epitomize into the best literary style: we employment fellers must practice what we preach.

EUGENE J. BENGE, *Manager of Industrial Relations,*  
*The Atlantic Refining Company.*

## The Stability Factor of the Personnel

The high cost of labor turnover has been played up good and strong during the last few years for the benefit of all executives in commercial and industrial organizations, and this has been stimulated by the recent and rapid development of personnel management—the application of scientific employment methods. The particular champions of this propaganda have been a certain group of personnel and employment managers whose vision of their work was limited to the objective of reducing their turnover—the “turnover hounds.”

While all this has been unquestionably worth while, I believe far too many have been inclined to rest back with an air of satisfaction when their percentage of labor turnover showed a downward trend.

The reducers of labor turnover all seem to rally around the slogan that it costs so much and so much to lose a man in whom such and such an amount has been involved in recruiting and training. There is no argument about this. It does. Perhaps it even costs more than we are prone to believe. Unfortunately there is no scale with which to measure the loss, so we can only estimate it and anyone's guess as to what the cost of turnover in any particular type of occupation is about as good as another's. If we were able to measure it accurately we might be able to see the problem in its true importance and give it the benefit of such corrective and preventive measures as it deserves.

Expressed numerically labor turnover percentage seems to be pretty generally accepted as the quotient of the fraction, the numerator is the total number of exits, due to all causes, and the denominator is the average number of the working force that you have tried to maintain during the years. For example, if during the past year of 1923 an organization tried to maintain an average force of five thousand, in other words, tried to keep five thousand jobs filled and had a total number of people leaving, exits, discontinues or whatever you choose to call them due to any and all causes, of thirty-five hundred, then its labor turnover for the year 1923 is seventy percent. While this is interesting and does show by comparison with the record of the preceding years whether there has been any accomplishment

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in handling the problems of personnel management in connection with the administration of the business it is not conclusive. At best it can only show trends and tendencies. As a matter of fact, the turnover could have been smaller in 1922 and yet 1923 could have been productive of better results. This naturally raises the question: how?

What particularly interests me in the statistics on labor turnover is what I have termed the Stability Factor, that is, the percentage of the total number of jobs in the organization in which there have been no exits during the year. It is computed by using as a numerator of the fraction the total number of employees who have been on the payroll for one year or more, at the end of any calendar year, and as the denominator, the average number of the working force you have tried to maintain, that is, the number of jobs.

Let us apply this to our organization of five thousand which we mentioned above. Let us suppose that this organization during 1923 had a Stability Factor of eighty per cent, which means that there were four thousand out of the five thousand jobs in which there was no turnover, and which were held by people of one year or more experience. In other words, during 1923 none of the losses of turnover due to the recruiting, selection, placement and training of new employees were incurred in any of these jobs. The seventy percent of turnover which this organization had during 1923 was applied to only twenty percent of the jobs—one thousand. In other words, thirty-five hundred people were employed during the year to keep these thousand jobs manned.

### Maintaining a High Percentage of Seasoned Workers

It goes without saying that this is a far more desirable situation than if the seventy percent turnover had been applied to seventy percent of the jobs, that is, if there had been a Stability Factor of only thirty percent, in which event this organization would have had a ballast of experienced workers through the year of only fifteen hundred and all the expense and effort of bringing in new employees would have been distributed over thirty-five hundred jobs instead of a thousand.

This, perhaps, is a new idea and may be particularly interesting to sales organizations where a high percentage of seasoned veterans, well qualified to hold the line against competition, is a desirable thing.

So in studying labor turnover statistics let me suggest that any executive should keep in mind the Stability Factor of the personnel because it is really the thing to watch rather than the percentage of labor turnover alone.

EARL B. MORGAN, *Manager, Employment and Service Department,*  
*Curtis Publishing Company.*

## Personnel Administration, Public and Private

To those familiar with personnel administration in industry and in the public service, the wide gulf separating the private and public groups of employment managers is more than passing strange. Superficially, the problems of the two groups appear to be quite different. Fundamentally, they are much alike. In both fields there is a perennial fight to secure recognition for the employment manager; to secure funds and quarters to carry on the work properly; to get the heads of departments and their principal assistants to understand what it is all about; to secure the adoption of rational compensation plans; to find qualified applicants for the various kinds of positions and to give them tests to determine their qualifications; to get department heads and others to call upon the employment department when help is needed and to employ the persons who have been tested and found qualified; to train and follow up new employees; to devise, install, and administer efficiency rating systems; to get inefficient and incompetent employees off the payroll; to bring about the transfer of misplaced employees; to secure the adoption of a retirement plan which will make it possible for employees who have worn themselves out in the service to retire; to secure and analyze data as to labor turnover; to get the information necessary to maintain adequate personnel records; and to handle other employment matters too numerous to mention. With all this in common, it would seem inevitable that the two groups should come together to compare notes, take stock of each other's experiences, and profit thereby as much as possible.

### Contact Between Public and Private Organizations

Yet, until recently, neither group has had much more than a bowing acquaintance with the other. Each has its own separate organization. The private group has the American Management Association, with its headquarters office and staff; in various cities there are local organizations. The public group has the Assembly of Civil Service Commissions, which looks to the Bureau of Public Personnel Administration to carry on original studies and to serve as a clearing house of information. Membership in these organizations does not overlap, though a few civil service administrators belong to the organizations which the private personnel group maintains. Individuals in the two groups come into contact with each other only occasionally and then more or less casually.

It can scarcely be denied that each of these groups would profit from closer acquaintance with the other. We in the public field have been rather ruthless about borrowing from the industrial group whenever we have seen anything worth taking. The trouble is that we are not in close enough contact to be able to copy or borrow as much as we should like. From a distance some of us in the public field have been vain enough to think at times that the private group might very profitably copy and borrow from us;

time after time in the last few years we have seen them struggling with the same problems that we think we have worked out and frequently we have seen the private group, after two or three years of groping about come to the conclusions that we reached years ago and even adopt the technique we found useful.

Isn't it time for these two groups to come closer together and learn from each other?

FRED TELFORD.

*Bureau of Public Personnel Administration.*

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## Is There a "One Best Method" in Industrial Relations?

Two men of recognized position in industrial relation affairs were conversing the other day. One said, "I see nothing in the company union movement." He is connected with a closed shop industry. His friend replied, "I cannot accept force as a basis for joint relations." This man is connected with an employee representation plan. A third man joined the party and ventured that both were wrong. He placed his faith in a well developed personnel department without the aid of organized contact or group relations with employees. All three fortunately had a sense of humor, which prevented a heated argument. They agreed that all three policies were liberal compared to that of a company employing several thousand men in its plants whose foremen still "hire at the gate" and whose only record is the payroll.

It so happened that the three companies represented in this conversation—and they are not fictitious companies—operate under extremely different conditions, which to some extent may justify their respective practices as to labor relations. The first has as its background a long record of fairly harmonious dealings with international unions wherein the strength of each party has commanded the respect of the other. The second industry has never been organized on the side of the employees, and, in fact, has no single union or group of unions through which group contacts might have been established. Here local collective dealing was developed voluntarily without an organized demand from employees. The third company, which might have difficulty in supporting its opinions before some managers, is officered by men of unquestioned desire for fair dealing, and relies upon the integrity of its sub-executives and personnel department representatives.

The moral to this picture seems to be that industrial relations vary so widely among industries both as to conditions of employment and as to stage of development that it is unreasonable to expect uniformity of method

from the relatively few years of active experimentation. Partisans for special theories there must be. Each must win or lose on his chosen horse. Is there not some virtue, however, in an open mind and a tolerant regard for the many honest approaches to improved joint relations?

G. A. BOWERS,  
*Curtis, Fosdick & Belknap.*

## Accumulated Experience for the New Employee

Every business enterprise, in operation for a number of years, has accumulated in the minds of its employees an experience that should prove invaluable to the successful continuation of the business and especially in the training of its new employees.

Regardless of the field in which the experience is to be found,—whether mechanical, technical or selling,—this experience is locked up in the minds of individuals: those who have been with the concern through an extended period of its history, through good times and bad.

Employees come and employees go. Your old employees who have been with you through the building period, who have had an experience which has ripened into success, will not be with you much longer. The problem is: How can their experience be retained and passed on to those who will take their places?

The Instructional Engineer's job is to compile the accumulated experience of your organization and place it upon the printed page where it can be of service to every man in the organization and specially of service to the new employee.

The Instructional Engineer goes into your organization as a student of its operations. Having your support, he wins the co-operation of every employee. He works with them and through them. He sells them on the idea of contributing their experience to the "sum of human knowledge." He assists them in writing down their contribution in clear, simple Saxon English, easily understood and assimilated by the new employee.

If desired he will present you with a complete instructional procedure for carrying out your training program based upon the peculiar requirements of your organization and business. Upon approval he will put it into operation.

Think what it would mean to have the combined knowledge of your organization, practically written, arranged in a logical and correct instructional sequence, ready for use either in the form of reference manuals, or as texts for your training schools.

C. S. WILSON, *Instructional Engineer,*  
*Elliott-Fisher Company.*

# THE MANAGEMENT INDEX

## Abstracts and News Items

### 651. OFFICE MANAGEMENT

#### 651.2 Equipment: *Fixtures, Furniture, Mechanical Appliances*

##### Suiting the Desk to the Job

A unique type of desk is described which gives maximum comfort to the executive who "prefers to work under pressure." A

"work organizer" is used to visualize letters and documents which demand immediate attention. By Howard Coonley. *System*, May, 1924, p. 626: 1.

#### 651.3 Organization: *Job Analysis, Employment, Pay*

##### Original Reports of Informal Nature Basis of Guaranty Trust's System of Rating Employees

Three times a year the head of each department is asked to make an original written report on every one of his subordinates. No set form is required. There is no system of marks, such as A, B, C, or Excellent, Good, Fair. Previous records are also consulted to see how they check up. Personal investigations are made. These reports often trace very clearly the rise of an employee. *Industrial Relations*, May 3, 1924.

##### Specified Duties for Each Position in Guaranty Trust Company

In the office of the Chief Clerk of the Guaranty Trust Company is a manuscript volume listing every position occupied by

an employee, the nature of the duties, what is expected of him or her, the starting salaries, the yearly increments, and the status with respect to other positions. A list of positions is given showing the various grades and the annual salaries. *Industrial Relations*, April 26, 1924, 3½ pp.

##### The Mental Differences Between Individuals

Nearly every type of employment requires a certain minimum of intelligence. There is also an optimal upper limit. Some men are too dull for their jobs, others are too clever. In the interests of the employer and the employee, it is a blunder always to pick the brightest candidate who applies for a given job. By Cyril Burt. *Journal of the National Institute of Industrial Psychology*, April, 1924, p. 67:8.

#### 651.4 Administration: *Regulations, Training, Supplies*

##### Conventions That Are Different

The conventions of the Retail Merchants' Association of South Dakota are conducted somewhat differently from those of many others. The big feature of the convention is its division into departmental groups with group chairmen in charge of each group. Discussion leaders are se-

lected to open and lead the discussion of leading departmental questions, all of which are followed by open forum discussion. Thus five conventions are in session at one time, and some thirty specific departmental problems will be presented for discussion. By E. U. Berdahl. *Kelly's Magazine*, April, 1924.



651.447 Training and Education: *Schools, Libraries, Employee Publications***Continuation School for Messenger Boys**

A co-operative scheme has recently been perfected for messenger boys and telephone operators. The boys of the Western Union Company attend school on the half-time plan, staying in school and working on alternate weeks. This scheme keeps one set

of boys at work and an equal number in school at all times. It is reported that this is the only city in the United States where this program is carried out with messenger boys. Dr. William F. Bawden is in charge of the evening school program. *Industrial Education Magazine*, May, 1924, p. xxxiv.

651.5 Records: *Forms, Charts, Cards, Files, Statistics***Can Your Printed Forms Pass This Test?**

It pays to design printed forms carefully. The Metal Stamping Company has a code of sixteen conditions which must be closely met by every printed form it uses. This code of practice is given in detail in this article. By Joseph M. Schapert. *Factory*, May, 1924, p. 671: 1.

**Getting Information Quickly**

The methods employed by Mr. Heaton, of the Boston Chamber of Commerce, are given. For ready reference, Mr. Heaton has a select collection of books, over his desk, among which are "The World Almanac," "The Statistical Abstract of the United States" and the "U. S. Census of

Manufacturers." About three hundred requests are received daily. By Sadie A. Maxwell. *Office Economist*, May, 1924, p. 7: 1.

**Messenger and Mailing on the Minute**

A time system that reduces the force one-third, increases speed and provides a training ground for the new employees is described in detail and the forms used in keeping records are shown. The most important feature of the department is the use of manuals for the instruction of new employees. The manuals have had a marked effect on the efficiency of the messenger force. By F. Stuart Yantis. *The Burroughs Clearing House*, May, 1924, p. 8: 2.

## 658. PLANT MANAGEMENT

658.1 General: *Promotion, Finance, Organization***The Principles Underlying Good Management**

Summarizes certain outstanding principles that will guide us in all of our industrial activities and policies. Many of these principles have been disclosed and formulated by investigators and writers, and are not new. But they are new to each incoming generation of managers and have to be rediscovered, reapplied, presented and interpreted in the language of the present time. By Hugo Diemer. *Industrial Management*, May, 1924, p. 280: 4.

**A Decade's Development in Management**

"As I foresee the tendency of business, competition for a great many industries is and will be very keen in the next two or three years—a life and death struggle for volume. There is going to be a tendency to consolidation through the failure of the poorer managed concerns. The one-man type of establishment with its low overhead will always continue, and in many cases will be a thorn in the flesh of the larger concerns. But one is not

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safe without taking a long look to the future; and, in the long run, there is a premium put on scientific management. The larger concern of the future will need superior production methods to produce a dependable product and a dependable service at costs lower than its competitors; it will need superior selling methods to gauge the market, select proper channels of distribution and to search out and sell the consumer; it must have superior control methods—master plans, budgets, schedules of operation for a considerable period ahead, and detail independent schedules for selling, production and finance. The concern of the future needs to continue the development of the art and science of management. And if we are not going to have labor troubles and the economic waste of bad industrial relations, we must take a broad point of view in the handling of the human equation. With the broadening authority that comes from the growth of industrial enterprises there comes also a greater opportunity and a greater responsibility for making those enterprises agencies not only in producing and distributing their physical product better and more cheaply, but also in giving a wider opportunity for health, happiness, education and progress for the many people employed and the communities which they support. In our organizations we try to feel that responsibility and are trying day by day to put more 'happiness in every shop.' By Henry P. Kendall. *Bulletin of Taylor Society*, April, 1924, p. 54: 11.

#### Management as an Executive Function

This article distinguishes between the science of management which has to do with the determination of the facts concerning the design, selection and operation of means to a given end, i.e., the facts bearing on a problem of management, and management which "is primarily concerned with expediency and leadership however much it may be tempered by science or system." It emphasizes modern biology and psychology as essential to the devel-

opment of a science of management. By John H. Williams. *Bulletin of Taylor Society*, April, 1924, p. 66: 5.

#### Organizing a Great Industrial

A description of the General Motors' co-ordinated divisions, subsidiaries and affiliated companies. A chart shows the relations of the stockholders, directors, committees, officers and staff. Functions of the various departments are mentioned. By C. S. Mott. *Management and Administration*, May, 1924, p. 523: 4½.

#### The Budget in Business

Shows how the budget may be applied to a variety of commercial enterprises. The distinctions are developed which exist in the budget applied to business as distinct from the budget in government. In the last analysis the budget in business links itself up with the movement to regularize production and employment. Budget forms of Income and Expenses, Editorial and News, and of Mechanical and Administrative Expenses are shown. The master budget of Sweet-Orr & Company is also shown, giving a complete picture of the business by sales, inventories, purchases, direct labor, manufacturing overhead, distribution, expenses, and finances for the entire fourteen factories and four shipping points. By Arthur Lazarus. *The Annals of the American Academy of Political and Social Science*, May, 1924, p. 56: 12.

#### The First Two Steps in Industrial Marketing

In every industrial enterprise someone must be responsible for marketing the output of the plant. And regardless of who he is or what he is called, if he carries the burden of finding the market he is actually the marketing manager. Many industrial enterprises are failing to make the profits they might be making because they are trying to combine the Ford idea in production with the specialized service idea in marketing. The first concern of the marketing executive should be to check his production and marketing policy against

the two opposite principles of the Ford idea and the custom-tailor idea. He should then take the second step in the formation of his marketing policy by deciding

whether he will manufacture in the Ford sense or make in the custom-tailor sense. By Robert R. Updegraff. *Advertising Fortnightly*, April 23, 1924, p. 13: 3.

#### 658.14 **Financing:** *Banking, Financial Management*

##### **Extending Activities of Labor Banks**

Further incursion by organized labor into the realm of practical finance is noted in a movement of the Amalgamated Bank of New York to assist consumers' co-operative associations in buying necessities for workers at low prices, this bank being an outgrowth of the Amalgamated Clothing Workers' Union. The first step in this policy, it is announced, will be participation by the bank in the purchase of 20,000 tons of coal for a workers' co-operative organization.

Most significant in this financing of a purchase "to buy necessities for workers at low prices" is the indication that the inexorable law of supply and demand still is lost in the maze of methods artificially to maintain or raise or reduce prices. Through the vicious system of "price-fixing" evolved by the National Govern-

ment in war times, the law of supply and demand was submerged till lost to sight and almost to recollection. Yet it remains the one and only corrective for unfair prices of every nature for any commodity under the sun. *Manufacturers' Record*, May 1, 1924, p. 100.

##### **Old Formula Scrapped; Success Follows**

A Denver bank considers only attention-getting power of its advertisements, and achieves success without interest, desire and action elements. The advertising which this bank (the United States Bank of Denver) quotes as getting attention of the maximum possible number of newspaper readers is built about a photograph containing high news interest. By John T. Bartlett. *Western Advertising*, April, 1924, p. 30: 1.

#### 658.2 **Plant:** *Location, Lighting, Heating, Ventilation*

##### **A Factory With Its Own Coal Mine**

Few manufacturers enjoy the privilege of having their own coal mine; few can turn coal on and off like hot water. It is surprising that the one company doing both these unusual things is not a mining company, but the Scranton Lace Company, which specializes in dainty lace curtains and bedspreads. This company has eight hundred employees, and has been twenty-six years without a strike. It maintains a recreation building and a recreation park, operated at cost. The building proper contains rest rooms, a gymnasium, pool tables, refreshment stands and a dining room and kitchen. There is an Employees Thrift and Profit-sharing Fund, and life insurance is carried for all employees. By Richard Barclay. *American Industries*, May, 1924, p. 33: 2.

##### **The Southward Trend of Manufacturing**

A description of industrials in the Piedmont Section of the Carolinas, and the local advantages of climate, transportation, power supply and labor. Of the latter, 98 per cent are American born of American parentage, as compared to 37 per cent for New York State. "Financially, this section has made remarkable progress and is in a strong position." The leading industries are textile mills, furniture factories and tobacco factories. By Ralph G. Macy. *Management and Administration*, May, 1924, p. 517: 6.

##### **Modern Maintenance of Plant and Equipment**

Several states have recognized the fact that good lighting has a tendency to make plants safer for the workman and have

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adopted lighting codes. To get a correct estimate on the cost of wasted light, it is necessary to take into account the decrease in production resulting from poor light. It has been shown that the in-

creased production during the war was largely due to lighting intensities much higher than had previously been used. By William G. Ziegler. *Industrial Management*, May, 1924, p. 287: 6½.

### 658.3 Industrial Economics: Labor and Capital, Wage Theory, Legislation

#### Wages and Hours

Massachusetts Board of Conciliation and Arbitration announced on May 9 a reduction of about 20 per cent in wages of stitchers employed in 39 shoe factories in Lynn, Mass.

The Shoe Workers' Protective Union of Haverhill, numbering some 1,600 members, all of whom are employed in the turned shoe factories, voted two to one on May 9 to accept average reduction of 20 per cent in wages as ordered by Haverhill Shoe Arbitration Board.

The Whittall Carpet Mills, of Worcester, Mass., have notified their 1,500 employees of a 10 per cent wage reduction. "One year ago," Mr. Whittall said, "we voluntarily raised wages 10 per cent. Six months ago prices of our goods were reduced about 4 per cent. May 1 prices on carpets were reduced about 7½ per cent, making a reduction in prices of about 11 per cent in both seasons. If labor were to stand its share of the reduction, the cut would be about 15 per cent, but the Whittall company will cut only 10 per cent. *Industrial News Survey*, May 12, 1924.

#### Clerks to Ask Return to Peak Wages

A return to the high wages of 1920 for all clerical employees represented by the Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees is to be demanded of railways throughout the United States this year. A uniform scale of wages throughout the country also will be sought in the coming campaign, according to reports from headquarters of the clerks' brotherhood. The clerks will base their demands upon the contention that the cost of living has increased instead of decreased, as

was anticipated when wage reductions in 1921 and 1922 were ordered by the Railroad Labor Board. The few railways which have already settled with the clerks have, in general, granted increases averaging about 5 per cent, or less than half of what the clerical employees propose now to ask. *Railway Age*, May 17, 1924.

#### I. R. T. Men, Refusing Wage Cut, Ask Rise

Employees of the Interborough Rapid Transit Company of New York City have rejected the appeal of the management that they accept a 5 per cent cut in wages, and instead have countered with a demand for a 20 per cent increase in pay. Another unexpected demand was for shorter hours in some branches of employment. One argument used was that living costs, especially rent, had not come down. *New York Times*, May 21, 1924.

#### The Factors That Determine Wages

The capable personnel man must exercise his judgment and initiative in sensing and adjusting those undercurrents of dissatisfaction which vitally affect morale and output. It will be necessary for him to be thoroughly familiar with the economic and human factors that govern wages, as well as with the practical details of various systems of wage payments in use. A quick summary is given of the factors involved in determining what wages should be paid. *Personnel Management*, LaSalle Extension University, Assignment 25.

#### Why We Limit Our Profits

The president of the Peerless Laundry Company of Los Angeles believes that they have brought the three factors of labor, capital and the public into har-



mony. They have done this by giving the public the highest quality of work and service at a price that is fair and just; second, by paying a better wage than the average to their employees; third, by earning for capital a little better than the average return.

Another thing that they strive for is a good "front," because this inspires confidence. Their main building is built of brown and white enameled brick and looks more like a prosperous bank than the usual laundry. By L. F. Caswell. *Business*, May, 1924, p. 16: 3.

### The Vertical Trust

The vertical trust is a consolidation of a number of industries of such a sort that the finished product of one is the raw material of the next. It is so called to distinguish it from the horizontal type of trust, which consolidates the majority of manufacturers of a specific product. The advantages of vertical consolidation are discussed at considerable length, and the essential differences between vertical

and horizontal combinations graphically portrayed. Examples of the vertical trust in England, Europe and the United States are cited. By Dwight T. Farnham. *Industrial Management*, May, 1924, p. 257: 6½.

### Wage Policies and National Productivity

The conventional type of "hard-boiled" employers' propaganda for drastic wage cuts, usually circulated during a period of business depression, may do more harm than good. It may have the effect of prolonging, instead of shortening, the period of depression. This problem of wage policy may be viewed by the employer from the short-time consideration of the effect of the particular wage cut or raise on his profits and on the morale of his men; secondly, from the longer-time consideration of the general effect on the consuming public, and also from a long-range consideration of its effect upon the future operation of our productive system. By Sam A. Lewisohn. Reprint. *Political Science Quarterly*, March, 1924.

## 658.41 Employment: Classification, Selection, Tests, Turnover

### Personnel Equipment in Factory Inspection

The importance of securing the right sort of personnel for a factory inspection staff cannot be too strongly emphasized. This article takes up the subjects of the qualifications necessary for a factory inspector, the methods of getting inspectors, civil service requirements, and the need for adequate salaries and a promotion system. By Mary Anderson. *The Annals of the American Academy of Political and Social Science*, May, 1924, p. 321: 7.

### Making Your Job Secure

To overcome the possibility of employees being thrown out of employment without just cause, it has been the policy of the Pacific Oil and Affiliated Companies for some time to place the authority for discharge only in the hands of district agents and superintendents. Every employee who

feels that he has a just cause for complaint will find the door of the general superintendent's office open and the officials of the company always willing to listen to his side of the story. The Industrial Relations Department will also, upon request, make investigation of the justice of any case of discharge. *The Record*, May, 1924.

### Why We Hire and Keep the Highest-Wage Workers

A medium-sized firm in a seasonal industry, Floersheimer and Salkin, keeps the high-waged workers during the dull periods, and if it becomes necessary to discharge anybody the low-paid workers are the ones to go. The higher-paid workers co-operate in many flexible methods for cutting cost without lowering quality. This brings more business during the dull period each year than the year before, thus



enabling the firm to keep a higher percentage of workers permanently employed. The methods employed enable the plant to employ most of their men the year around. By Philip Salkin. *Factory*, May, 1924, p. 651: 1.

### Labor Turnover

The most usual method of figuring labor turnover is to use the total number of quits as a numerator and divide by the average number on the payroll for the year. This should take into consideration the unavoidable separations and the layoffs due to general reduction of the force. A scrutiny of length of employment of separations will determine whether the turnover is due to faulty selection or training, as in the case of workers leaving within six months, or whether due to little opportunity for advancement, as with employees of long standing. Some ways of stabilizing labor conditions which have been adopted by the Miehle Company are: a Pension System paying from \$30 to \$125 per month; a Time Savings Plan which

gives employees extra compensation every two months; a Benevolent Society, paying compensation on account of sickness; and the Group Insurance Plan in which all employees are insured who have been with the company six months. By James M. Brooks. *Society of Industrial Engineers' Bulletin*, April 1924, p. 7: 2.

### Instead of Moving

The Bradley Knitting Mills had difficulty in securing a sufficient number of employees from the local inhabitants of the small town where they are situated. It became a question of moving to a larger city or securing some means of bringing employees to the town. Rather than undertake the enormous expense of moving the plant, they decided to adopt truck transportation to bring the girls and women from nearby towns to the factory. The result has been entirely successful. Three trucks make regular trips carrying the passengers to and from work. This was found by the company to be far less expensive than moving into a larger place. By R. J. Rider. *Factory*, May, 1924.

## 658.44 Employee Service: Hygiene, Recreation, Lunch Rooms, Stores

### How the Nurse Works

The visiting nurse employed by an Ohio concern is considered one of the most important units of the company. The nurse is employed through the Visiting Nurse Association, to which the company pays a stated amount in return for the entire time of one of the association's nurses. The association also gives its supervision and the advantages of a source of substitute nurses in case of absence. By M. L. White. *Factory*, May, 1924.

### Accident Prevention as a Function of Management

Industrial accidents represent overhead due to loss of production, labor turnover, spoilage and labor discontent, therefore accident prevention is a function of management. As the physical conditions of a plant are sources of accidents, safety is a very important part of maintenance.

Foremen should be made responsible for equipment in their departments through instruction of new men and disciplining of careless workers. By Glenn W. Cook. *The Travelers' Standard*, March, 1924, p. 45: 3.

### The Industrial Commissary More Popular

There is now one phase of the industrial food question that is being given a large measure of consideration by individual plants, as a help to their employees. This is the company store, or the commissary department, in plants where employees can buy food products at lower than market prices. In addition to the line in edibles and allied commodities in many such stores, there has been added a general line of merchandise. By Warfield Webb. *The Dodge Idea*, April, 1924, p. 24: 1.

### Should Personnel Work Follow a Worker Home?

The personnel superintendent of the Sperry Gyroscope Company cites some convincing instances showing that personnel work is more than an inside-the-plant job. By Merrill R. Lott. *Factory*, May, 1924, p. 673: 2.

### Company Will Help Employees Buy or Build Homes

Many employees in the Schenectady Works have investigated the housing plan offered by the General Electric Company and have taken advantage of the proposition.

When an employee has approximately 15 per cent of the value of the property he is going to purchase or build and has provided for the first mortgage, the company will, on the approval of the Works Housing Committee, assist him to finance a second mortgage through a local bank.

The widest latitude, in keeping with sound judgment, will be allowed employees in selecting the locations of their homes. However, no loans will be made for the purchase or building of houses in localities which, in the judgment of the committee, do not afford a proper environment, nor in localities which, in the judgment of the committee, are too far from the company's works. *Schenectady Works News*, May 2, 1924.

### Free Eye Clinics

Many Michaels-Sternians have learned that good vision may be actually measured in dollars and cents. Some of the employees who took advantage of the opportunity to have their eyes examined by a capable optometrist, E. Freedman, more than a year ago made the happy discovery that it improved their efficiency and, consequently, brought more money in the pay envelope.

Much pleased with the results of the first free examination of eyes given employees by Mr. Freedman, Michaels, Stern & Company arranged with the optometrist to hold free clinics at its Rochester plants this spring. Mr. Freedman is now making such

an eyesight survey and it is hoped that all employees will avail themselves of this splendid opportunity to ascertain the condition of their eyes. They are under no obligations to purchase glasses, in case they need them, by doing so. Frankly, the company is having Mr. Freedman make this survey for three reasons—to give employees more comfortable vision, to increase production, to improve quality. *Value-First Messenger*, April 14, 1924.

### Hospital Insurance

The Women's Mutual Relief Association of the Dennison Manufacturing Company now has a plan whereby its members may take out this form of insurance. The Board of Supervisors of the W. M. R. A. has completed arrangements by which any member of the association now in good health may take out hospital insurance at a cost of \$2 a year, beginning June 1. No benefits can be received until one month after taking out this insurance. Thus members who avail themselves of this insurance will be entitled to care for the year starting July 1, 1924, and ending June 30, 1925.

Under the privileges of this plan any member of the W. M. R. A. who has taken out this insurance may receive benefits at the rate of \$3 a day for 21 days for hospital expenses which will be paid directly to the hospital. This will cover the expense for hospital care in a ward or semi private room for 21 days, with the exception of maternity cases. Any member who desires a private room or special nursing service will be required to assume any additional charges over \$3 a day which the hospital may demand for such special service. *Round Robin*, April, 1924.

### Sickness Among 21,000 Automobile Workers

The morbidity experience of the Flint and Pontiac sick benefit associations in 1921 and 1922 are presented, with statistical tables. Except for lead poisoning, the sickness rates by plants do not indicate the existence of serious industrial diseases, although the relatively high fre-

quency of certain diseases suggest desirability of investigating the causes of these rates. By Dean K. Brundage. *Public Health Reports*, April 18, 1924, p. 791: 13.

### Symmetry in Industrial Welfare Schemes

The progress of industrial welfare work is retarded by a lack of co-ordination in the different branches included within the natural sphere of its activities. The remedy for cases which are badly proportioned lies in appointing the right person to organize the scheme, and in giving that person a free hand to develop it. By Miss C. U. Kerr. *Industrial Welfare*, April, 1924, p. 99: 2.

## 658.447 Training and Education: Schools, Libraries, Employee Publications, Apprenticeship

### Foreman Training Conferences

The Board of Education of several of the large cities of the State will arrange courses of study for the training of foremen and men desirous of advancement in their trades. The necessary technical information, to teach men how to analyze their job and plan their work in a systematic method, will be given. These courses will offer splendid opportunities for men who are anxious to advance in their trades. The New York State Federation of Labor: Report of the Committee on Education, 1923.

### Training Our Apprentices

Employers are in favor of the training of apprentices, as they know a well-trained mechanic is an asset to the industry. He earns the wages he receives. Organized labor is in favor of a well-directed apprenticeship plan, as well-trained workers maintaining a high standard for their work can maintain wages commensurate with the quality and quantity performed. The New York State Federation of Labor: Report of the Committee on Education, 1923.

### P. R. R. Asks All Employees to Take Annual Health Test

To encourage the safeguarding of health and promote longevity among its 211,000 employees, the Pennsylvania Railroad has issued a general notice urging them all to undergo a complete physical examination at the company's expense at least once a year.

A corps of physicians under the direction of Eden B. Hunt, superintendent of the Voluntary Relief Department, will be available for this service.

The new campaign, it was explained, was entirely apart from the regulations requiring certain train service employees to undergo periodical tests of sight and hearing. *New York Times*, May 2, 1924.

### Training Men Quickly for Special Needs

Discusses a form of instruction work which is really training on the job. This sort of training helps men to help themselves. From the factory executive's angle, it accomplishes these four objects: 1. It meets the labor needs of production peaks quickly; 2. it introduces new products into process without slowing down regular production; 3. it offsets and often prevents old employees from slumping on production; 4. it brings about changes in a process or introduction of a new machine or method without labor disputes. By James Wade Russell. *Factory*, May, 1924, p. 668: 3.

### How a Manufacturer Uses a Business Library

To keep alert for all the ideas that may benefit all the departments of a business requires detachment from any one department. That sort of detachment is possible for the business librarian, and it is for that reason that the library in so many manufacturing organizations is a satisfactory source of information and service.

In many companies the library is used as a research and sales promotion department. Some of the details of the library in the art department of a silk manufacturer are given. By Eleanor Gilbert. *Office Economist*, May, 1924, p. 5: 3.

#### Labor's Use of Experts

Several unions maintain information bureaus which are equal in size to those found in large corporations. In the economic and labor relations field expert service has come to be recognized as on the same plane with scientific research in the engineering and operating branches. *Industrial Relations*, May 17, 1924.

#### Technical or Specialist Training

It is a well-known fact that in mills where workers are specialists work is seriously hindered when employees are absent. What is needed for the benefit of young men and the country at large is more technical education; classes which will enable young men who are learning their trade to obtain that scientific information which will enable them to be first-class workmen. *Fay-Egan's Lightning Line*, April, 1924.

#### Continuation School

Boys between the ages of 16 and 17 who are working in the American Seating Company factory attend school one day each week at the Grand Rapids Vocational School. Half of their work there is in the classroom and half in the shop, where they may take up any of a large number of trade studies. The school has a well-equipped wood shop, machine shop, printing shop and automobile repair shop. *The Seater*.

#### Educational Opportunities at Gary Works

The Gary Works Employees' Evening School was established to meet the needs of all those employees of the plant who wished to improve themselves by spare-time study. Courses are offered every year in mathematics, chemistry and mechanical drawing. For the sake of those of for-

eign birth the management has included beginning and advanced English in the curriculum. The apprentice school is an interesting feature of the Gary Works educational system. It takes the boy who cannot have the advantage of a high school education and gives him a specialized training. *Gary Works Circle*, April 29, 1924.

#### The Vocational Selection and Training of Operatives for the Weaving Industry

Outlines a scheme of training. Some form of vocational selection is necessary before training begins—probably on the basis of the candidates' school record and intelligence tests. A medical examination laying special emphasis on good eyesight seems also desirable. The instructors must be well chosen, not only because of their ability as weavers, but they must be capable of understanding individual human nature. By J. A. Fraser. *Journal of the National Institute of Industrial Psychology*, April, 1924, p. 88: 6.

#### An Opportunity School

Practically every industry and every kind of business in Atlanta, Georgia, have been represented by some student at the Atlanta Opportunity School. The students represent all kinds of vocations, from factory foremen to clerical workers. Nearly all are employed and wish to continue their education or train for a better job. Some spend thirty minutes a day in school, others four hours, depending upon amount of their available time. By Anne Stephens. *Vocational Education*, May, 1924, p. 732: 1.

#### Spanish Desire American Equipment for Trade Schools

An appeal from Malaga, Spain, has come to the United States Bureau of Education, through Harold L. Smith, American vice consul, for information to aid in establishing trade schools. City authorities, with leading citizens, are planning a school for training boys to become carpenters, electricians, mechanics, railway trainmen, plumbers, bricklayers, road builders and contractors. Certain classes will



also be given for girls. It is proposed to model the Malaga school after trade schools in the United States and to equip them with American products. Trade publications and catalogues from manufactur-

ers of suitable equipment and building plans are especially desired for use in establishing these schools. Department of the Interior: Bureau of Education, Washington, D. C., May, 1924.

#### 648.45 Benefit Systems and Incentives: *Group Insurance, Pensions, Profit Sharing*

##### Vacation-with-Pay

The vacation plan of the Mead Pulp and Paper Company is given. In order that the least possible disruption may occur in the operation of their plant, it has been decided to shut down the entire mill for a period of one week. As far as possible, the "two-week" men arrange to take their additional week immediately before or after the shut-down. Those employees who are entitled to two weeks' vacation, but who may prefer to take only one week, will receive two weeks' pay for this one week. *Mead Co-operation*, May, 1924.

##### Pension Plan of a Leather Company

Outlines the pension plan of the A. C. Lawrence Leather Company. The amount of the pension is one-half of the average annual salary or wage for the five years preceding retirement. It is given to employees who are regularly retired because of age and length of service or on account of incapacity for work prior to reaching the age of retirement. *Industrial Relations*, May 17, 1924.

##### Suggestions

The suggestion plan which has been in operation at the two Lynn plants of the General Electric Company for over four years has been of much benefit to all of us. The hundreds of good suggestions which have been made by men and women naturally have their effect on promotion, for they reflect constructive thought, ingenuity and interest on the part of the suggester. Not only have the suggesters profited by their monetary awards, but all have shared in the improvements made possible by their suggestions.

Any idea that prevents waste of material, labor or power, that reduces costs or

increases production, will make it possible to better our product. And, obviously, the better our product the more business we will receive—consequently the more work we all will have.

Every suggestion is promptly acknowledged, impartially investigated and facilities provided for a fair disposition of every suggestion in accordance with its merits. *Lynn Works News*, April 18, 1924.

##### Wage Incentives and Profit-Sharing

A descriptive history of wages, illustrated by figures showing a classification of work table, and a method of computing individual and group bonus task rates. Incentive systems are discussed. The successful application of time-study is limited, particularly in quality production and miscellaneous repair work. The results of a survey of numerous profit-sharing plans do not show much increase in the efficiency of the individual workman, but have accomplished an elimination of labor trouble and the awakening of a spirit of co-operation throughout the ranks. Advantages of a managerial committee are mentioned. By Geoffrey C. Brown. *Management and Administration*, May, 1924, p. 567: 6.

##### How Our Workers Save Money

The president of the Domestic Electric Company is enthusiastic about the "Save at the Shop" plan which he installed at his factory. The bank is practically brought inside the plant. The worker tells the paymaster how much he or she wants to save out of each pay. The paymaster sets aside this amount out of the worker's pay envelope, enclosing in its place a duplicate deposit ticket for that amount. The original deposit tickets are totaled and



sent to the bank, together with a Domestic Electric Company check for the proper amount, and at the bank each deposit is credited to its own account, so each worker has his own individual bankbook. By Carl A. Duffner. *The Nation's Business*, May, 1924, p. 62: 1.

#### What Employees Do for Industry

Fifty employees of the General Electric Company were recently given awards by the Charles A. Coffin Foundation for having made, during 1923, the most signal contributions to the increase of its efficiency or to progress in the electrical art, out of all the discoveries and inventions originated by members of that great organization.

What lends these awards an unusual interest is that these employees were not outstanding figures in general. They were not even conspicuous among their own associates. The awards were given on the basis of service rendered, regardless of where rendered. By Charles R. Huntley. *American Industries*, May, 1924, p. 27: 3.

#### Measuring Production by the Pay Envelope

A tried profit-sharing plan was adopted by the A. Mecky Company, of Philadelphia, which makes the employees earning the largest wage the cheapest men for the concern. The original profit-sharing plan was discontinued because it was found that rewards for production should follow as closely as practicable the work done to obtain them. Through the installation of time-recording clocks in each department, an average set of rates of production, based on a long period of time, was established. With these rates, a modification of the Halsey Premium System for the piece worker only was installed. By G. T. Malan. *Management*, May, 1924, p. 46: 4.

#### How to Install a Suggestion System

After a general policy has been decided, subjects upon which suggestions would be welcomed are posted on the bulletin board, beside which there should be a box with blanks and envelopes addressed

to the Suggestion Committee. The blanks are numbered and the employee keeps a corresponding stub for identification so as to ensure credit properly given. Subcommittees are established to consider the technical points of suggestions. Reasons for rejection should be given. Examples of constructive suggestions are mentioned in this article. Among the benefits which the management derives from such a system are: stimulation of constructive thinking by the employees about the work, new inventions, a spirit of loyalty and team work. By Fred D. Hess. *Personal Efficiency*, May, 1924, p. 362: 2.

#### Insurance, Pensions, Savings and Loans

Discusses in detail the various kinds of insurance, mutual benefit associations, pension plans, savings and loans. The modern business man owes it to his business to inform himself regarding practical means for promoting the co-operative spirit among those who work for him and with him. The entire subject, as discussed here, is one that demands thought and planning in handling, and will require many executive conferences in order to establish right principles and rules. *Personnel Management*, LaSalle Extension University, Assignment 24, 52 pp.

#### Benefit Association of the Yellow Cab Company

The Yellow Cab Employees' Benefit Association, which the company is maintaining and giving free benefits to the employees who are entitled to it through sickness, accidents, operations or incapacitation, has been doing a good work. From October 1 to March 31 eighty-eight members of the Yellow Cab family have received money for sickness, hospital expense, operations and accidents. The highest sum paid during this period to any one person has amounted to \$91.42. The total sum paid out has amounted to \$2,213.45, or an average of \$25.16 per person. The lowest sum received on account of sickness amounted to \$2.84.

Previous to July 1 the employees of

the company paid weekly for these benefits, but since July 1 the entire expense and disbursements have been paid and given free to the employees by the company under the direction of Mr. Walter S. Laird. *Live Miles*, April, 1924.

### The Industrial Relations Department of the Eastman Kodak Company

The Industrial Relations Department was established in 1919. It took over the direction of a number of departments already existing, which were concerned with promoting a good relation between the management and the employees, has extended these departments, and created new ones. Correlation of employment policies and practices in all plants is under the general supervision of the manager of industrial relations. The medical department, the Kodak employees' association, the Eastman savings and loan association, the Kodak office suggestion plan, accident prevention, the sick benefit and retirement plans and housing service for employees are other activities which come under the supervision of the Industrial Relations Department. *Kodak Magazine*, April, 1924.

### General Electric Employees Investing in Philadelphia Rapid Transit Company

Many large industrial concerns have recently come to believe in the principle of employee ownership. One of these is the General Electric Company, whose employees, in addition to buying stock in their own company, have invested in the securities of some of the best public utilities, including P. R. T. The *Schenectady Works News*, in explaining the reason for this choice, said in part:

"For thirteen years Mitten Management has been in control of P. R. T. policies. During those years the company has always sought to protect and establish the relative rights of the three parties in interest—the car rider, the employee and the investor. Mitten Management believes that the car rider is entitled to transportation at the lowest rate of fare consistent with good service. Co-operation between the employees and management has produced efficiencies and economies representing an annual saving of more than \$16,000,000 in the cost of furnishing service. This has made it possible to overcome an increase of over 100 per cent in the costs of labor and materials, with but 18 per cent additional fare per passenger.

"Trained to believe that a good day's pay follows a good day's work, P. R. T. employees have come to realize that the future of labor lies in increased production. In 1922 Mitten Management, with the approval of P. R. T. stockholders, established a co-operative wage dividend. This dividend represents the payment of 10 per cent of their wages to company employees. This is paid from the moneys saved through economies and efficiencies brought about by co-operation between the men and management. It is not paid until the 6 per cent dividend on the company's stock is earned and paid.

"The co-operative wage dividend is in effect a bonus, but it has distinctive features. The employee must help to increase production to share in the dividend, which is pooled and applied by the employees to the purchase of their workshop through the acquisition of the company's stock." *Service Talks*, April 21, 1924.

## 658.46 Labor Relations: Collective Bargaining, Arbitration, Employee Representation

### The Analysis of Factory "Atmosphere"

The conditions determining "atmosphere" are numerous and complex. It is becoming widely recognized that full responsibility for promoting that atmosphere

of good will and efficiency so essential to economic production can no longer be assigned solely to the manager or foreman. By Sheila Bevington. *Journal of the National Institute of Industrial Psychology*, April, 1924, p. 84: 3½.

### **The Success of a Theoretical Plan**

The Rockefeller system of joint representation put into effect in the various branches of the Colorado Fuel and Iron Company about eight years ago has proved a practical workable method. Without cooperation the theoretical Rockefeller plan could not have become a potent and practical instrument for industrial welfare, and its usefulness must depend upon a continuance of this co-operation. By Deane W. Malott. *American Industries*, May, 1924, p. 31: 2.

### **Technical Councils in Italy**

Groups of technical advisers are attached to the Central Committee and local organizations of the National Fascist Party in Italy. These groups are formed for each sphere of national activity and are composed of persons with specialized knowledge. The chief duties assigned to the councils will be arbitration on indus-

trial disputes and the drafting of legislative measures, two tasks hitherto entrusted to State officials. *Industrial Relations*, May 3, 1924.

### **Employee Representation and Labor Relations**

An extract from a Report of the Commission to investigate the steel workers strike in Sydney, N. S. After the June-August, 1923, strike was ended a committee of the workmen approached the management with a request to revive the proposal previously voted down by them to have workmen's representations elected to serve on committee and to meet representatives of the management to discuss matters of common interest. The general nature of the scheme is given in the article, as well as information on the general principles underlying the plans of employees' representatives' committees at steel plants in the United States. *Industrial Relations*, May 3, 1924.

## **658.54 Rate Setting: Operation Study, Time Study, Motion Study**

### **Making and Using Time Studies**

The third installment of this series. The methods of applying time-study under various specific conditions of work are analyzed. Outlines what should be the fundamental ground work of any time-study installation. By Harry K. Reed. *Industrial Management*, May, 1924, p. 272: 6.

### **The Value of Rest Periods**

The Industrial Fatigue Research Board of Great Britain has issued two reports on rest pauses in industry. It is stated that

the results of the experiments suggest that monotonous activities cause a considerable reduction in output, which is most apparent about the middle of the spell of work. This reduction can be avoided by the introduction of a rest pause of 15 minutes half-way through the spell. The laboratory experiments indicated that spells of work in which changes of activity were introduced every fifty minutes gave a much higher output and less spoiled work than spells in which the same activity was maintained throughout. *Industrial Relations*, May 10, 1924.

## **658.56 Shop Organization: Methods, Salvage, Waste**

### **Inducing Employees to Watch Waste**

In one factory where the men in charge of machines work in teams, the management has persuaded them to watch the waste of materials by making their bonus for production dependent upon the amount

of scrap they create. Each team is allowed scrap to the equivalent of the bonus which is to be paid to one member of the team. The cost of any excess of scrap is deducted from the bonus of the team, an equal amount for each man. In estimating

the cost of the scrap, material that can be salvaged is counted at 50 per cent of its original cost. Unsalvageable scrap is figured at its entire cost.

The effect of this arrangement is to check the carelessness about waste which sometimes arises in the eagerness of the men to attain a large production for the sake of a fat pay envelope. It also serves as a constant reminder of the importance of preventing waste, and induces the more conscientious and interested men to keep their scrap even below the permissible minimum. Further, it tends to make the members of a team check the wasteful tendencies of any one man whose carelessness might offset their own care. By Chapin Hoskins. *Factory*, May, 1924, p. 758.

#### Measuring the Savings of Mechanical Handling

Experience in materials handling in one industry is easily transferable to another though the problems be entirely different. Various types of conveyors are described and the advantages gained by their installation. Factors to be considered in buying equipment are discussed, as well as the care, maintenance and operation necessary for the successful use of a conveyor. A formula for labor-saving equipment developed by the A. S. M. E. is given. By W. T. Spivey. *Management and Administration*, May, 1924, p. 551: 6.

#### Materials Handling Methods That Have Added to Industrial Profits

Savings from the use of tractors, large conveyors, portable conveyors, locomotive cranes, electric cranes and hoists, loading machines for mine cars and cupola charging machines are presented and data given from a wide variety of companies. Twelve tables give material handling costs of some of the companies and one shows economies effected by installations of various types of this equipment. By George E. Hagemann. *Management and Administration*, May, 1924, p. 557: 6.

#### Quality Production from the Application of Automatic Handling Equipment

A description of labor-saving methods

of the American Sugar Refining Company, well illustrated. "Very careful checks on the weight of sugar, quality of work and economy of operation are maintained. No figures have been compiled showing the actual savings brought about by substituting mechanical methods for hand processes. It is probable, however, that at least half of the labor cost has been saved." By Clarence J. Alfred. *Management and Administration*, May, 1924, p. 563: 4.

#### Shop Transportation Economics

A well-illustrated article giving a Westinghouse man's experience in comparative costs of material handling by trucks. Operating methods are described and possible economies shown. Performance of electrical and gasoline trucks is discussed, and one table gives a comparison of the results of some electrical tests of trucks with reference to maximum of speed in miles per hour, power consumed in ampere-hr. during a 200-foot run from a standing and from a running start. By Stewart M. Lowry. *Management and Administration*, May, 1924, p. 533: 5½.

#### Packing to Save Freight Charges

Serious consideration should be given to this problem, especially by exporters. Frequently it is possible to construct a better container at less cost. For ocean shipping a case as nearly cubical as possible is best, as this shape stows to advantage. *Belting, Transmission, Tools and Supplies*, March, 1924, p. 50: ½.

#### Conveyors Require Good Management

The installation of a conveyor which handles the materials of production from the raw cotton to the finished cloth, in addition to saving money has improved production, increased wages and lessened labor troubles. The continuous flow of materials necessitated setting up standards of performance that put the entire process in balance. In some instances a reassignment of tasks and special training of certain crews facilitated the work. Time-study determined a working sched-



ule. The co-operation of the workers followed the demonstration that they could earn more with less effort. The textile

industry should profit by this example. By Robert T. Kent. *Management and Administration*, May, 1924, p. 539: 5.

## SALES MANAGEMENT

### 658.81 Organization of Department: *Employment, Analysis, Salaries*

#### When Are Branch Offices Profitable?

The strongest factor in the success of the branch office appears to be not sales, but service. The factors that influence distribution through branch offices and the problems encountered in building up a successful string of branches are enumerated and discussed in this article.

The type which adds other lines to its own, so that selling expense may be re-

duced to a bearable minimum cites the Yawman & Erbe Company as an example. The Glidden Varnish Company belongs to that type which is centrally owned, but stands as a separate unit. Best known is that type which is essentially a branch, of which the Otis Elevator Company is a familiar example. By E. P. Cochrane. *Advertising Fortnightly*, April 23, 1924, p. 16: 2.

### 658.82 Sales Promotion: *Letters, House Organs, Advertising*

#### Use and Abuse of Imprinted Dealer Literature

Dealer literature should carry a convincing message from the dealer to his particular customers. If they do not constitute an important element in selling they should not be used at all. But if used rightly the personal contacts made will offset many times the effort expended. By A. A. Gray. *Advertising Fortnightly*, April 23, 1924, p. 22: 1.

#### The Acid Test

If your advertisements, letters, folders, catalogues and booklets have action in them, buying action, you may be assured that they very likely have the three other things requisite to salesmanship: attention, interest and desire. Action is what you want, and until you get it you haven't completed the selling formula. *King's Courier*, May, 1924.

#### Tapping New Sales Reservoirs by "Trading Up"

The psychology of displaying or advertising an article at a price prohibitive to selling results in a slight advance in the

general price of the goods going unnoticed. In stiff competition the effect is to remove the product to a more dignified level and away from the competitive group. Examples of this "costs more, but worth it" appeal to a selective taste are seen in advertised products of such companies as: Greenfield Tap & Die Corporation, Standard Sanitary Manufacturing Company, Davenport Bed Makers of America, Kroehler Manufacturing Company, Ford Motor Company (in marketing their sedan), Parker Pen Company, Chas. W. Breneman Company, Klearflax Linen Looms, Inc., Armstrong Cork Company, Ansonia Clock Company. By W. B. Edwards. *Printers' Ink Monthly*, May, 1924, p. 22: 3.

#### Helping the Salesman Sell the Full Line

The Northam Warren Company, maker of Cutex and a long line of manicure specialties, the Beech-Nut Packing Company and the Yale & Towne Manufacturing company use several plans to effect economies of distribution by selling as full a line as possible. Enclosure slips,



sampling, window display cards, the free deal, circulars to dealers, salesman's prize contest, special crews, quotas, are some of the schemes mentioned. By Roy Dickinson. *Printers' Ink Monthly*, May, 1924, p. 31: 2½.

#### Agency Organization to Reach Secondary Markets

Special departments are necessary to "re-radiate" the advertising of a product to diverse markets. The appeal to the technical man is more effective if couched in his lingo, etc. Results in commissions from these special advertisements are not always directly commensurate with the expense involved, but the general returns justify their development. By James H. Collins. *Printers' Ink Monthly*, May, 1924, p. 25: 3.

#### Meeting Cut-rate Competition

Four methods are possible: 1. The doctrine of laissez faire; 2. an active price war; 3. closer analysis of your own business; 4. capitalize your reputation for "quality work." In analyzing a business the elements of price making: labor cost, material cost, overhead cost and profit allowance should be considered for possible economies. By the Business Consulting Bureau. *Personal Efficiency*, May, 1924, p. 356: 4.

#### Coupons That Pull

Insert the advertisement in the coupon rather than vice versa. Tie the coupon up closely with the product. In appealing to women, make the coupon a decorative tailpiece in keeping with the rest of the advertisement. By Sewell P. Moore. *Printers' Ink Monthly*, May, 1924, p. 36: 2.

#### Series of Twelve Interlocking Sales Contests with Working Details

The suggestions in this report are taken from several hundred contests. The Pierce-Arrow Automobile Company, the National Lamp Works of the General Electric Company, the Oshkosh Overall Company, and several other concerns have employed the interlocking feature for a number of years.

A few of the divisions of this report are: Advantages Gained from Interlocking Feature; Suggested Method for Setting Quotas and Scoring; An Insurance Plan for a Two-year Interlocking Contest; An Interlocking Contest for Jobbers' Salesmen. The Dartnell Corporation, Special Report No. 164, 25 pp.

#### Kind of Sales Co-operation Preferred By Retailers

Investigators from the Dartnell Corporation called on retail merchants in towns of one to five thousand of southern Michigan and in Chicago to question the retailers as to the type of co-operation they prefer from the manufacturer and jobber.

"In the majority of cases the first choice was movie slides, the dealer claiming the local motion picture theatre to be the best advertising medium in the town. Circulars and dodgers, to be distributed over the counter and house-to-house, came second; and local newspaper advertising third. Road signs were given fourth place. Only a passive interest was shown in direct mail and national magazine advertising. Practically every dealer stated that the interest taken in advertising matter and sales helps sent them by manufacturers was in direct ratio to the prominence given to the dealer's name and his place of business. 'Imprints' seemed to be of vastly more importance than the nature of the advertising piece itself." The Dartnell Corporation, Special Report No. 166, 20 pp.

#### When Your Sales Contests Begin to Lose Their Kick

The most difficult job in sales contest work is finding new contest ideas for the quality product. The salesman of such an article has but one kind of thing to sell to each prospect; he hasn't any small stuff to fill in with.

Simplicity is a vital element in a sales contest. The most successful ones are the simplest. Complication tends to slow things up. Rules and conditions should be subordinated to the principal idea, whether it is making sales or giving

free rides to prospects. As the contest approaches there should be only one thought—how to win. By Roland Cole. *Sales Management*, May, 1924, p. 927: 3.

#### Should Sales Executives Boss the Collection Department?

"Since it is so much more important to keep an old customer than to get a new one, collection is even more important sales managing than getting customers." The sales manager should therefore be the collection manager. He should see that customers are retained by friendly reminders of past due accounts. By C. C. Casey. *Printers' Ink Monthly*, May, 1924, p. 17: 2½.

#### This Nervous Shifting of Advertising Appeals

There is no virtue in a manufacturer being continually a lap ahead of his own sales organization in the advancement of changing themes. It takes time and effort to educate a sales force to the proper presentation of an advertising campaign. There seems to be a tendency to substitute "stunt thinking" for straight thinking, and then wonder why the results from their advertising are so indefinite. By William D. McJunkin. *Advertising Fortnightly*, April 23, 1924, p. 15: 1.

#### The Educational Booklet as an Advertising Medium

Perhaps no firm, certainly none in the tea and coffee field, has so consistently and successfully exploited its merchandise through the medium of the educational booklet as Chase & Sanborn. For the past forty years they have distributed booklets of this nature to the general public through retail grocers in all sections

of the country. And it has proved very good advertising, indeed, both for the dealer and for themselves. This is largely explained by the fact that the booklets have been timely, interesting and instructive, dealing with worth-while subjects which could be profitably read by old and young alike. Witness *The History of the American Flag*, *Epochs of United States History*, *North American Animals*, *North American Birds* and *The Story of the Pilgrim Fathers*. There is no surer way of gaining the attention of the parent than to do some helpful thing for the child, and the appeal of these booklets for the children has made them welcome in homes everywhere. Their compilation has involved time, research and no inconsiderable expenditure of money, but the investment in public good will has been worth many times their cost.

The amazing part of it all is that these booklets which have been out of print, many of them for years (the Pilgrim book excepted), should still be in demand. Libraries and schools are constantly calling for them. *The Pot and Kettle*, Vol. 6, No. 3.

#### A Customer's Court of Appeals

The Better Business Bureau of Boston acts as an agency for arbitration. When it undertakes to adjust a customer's complaint against a store, it enters the case as a disinterested third party, whose findings will command the respect of both sides—the store and the customer. In its publicity the commission is striving to convince the consumer that not only is Boston advertising truthful, but that by buying the advertised products the consumer saves money. By Bernard G. Priestley. *Business*, May, 1924, p. 27: 2

### 658.84 Employee Service: *Living Conditions, Lunch Rooms, Recreation*

#### Living In

An account of the residential hostel of Bourne & Hollingsworth, Limited. There are 600 girls living at Warwickshire House, Gower Street, London. On

the first floor the seniors and buyers have two common rooms, with a piano in each. The junior staff have a large sitting room and lounge. There is a ballroom, a library, a small hospital. The welfare of

the domestic staff is as carefully considered as that of the residents. The hours for these workers do not exceed eight

per day and they have their own sitting rooms comfortably fitted up. *Industrial Welfare*, April, 1924, p. 109: 3.

### 658.85 Benefit Systems and Incentives: *Bonus Plans, Vacations*

#### The Bonus Policy of the United Cigar Stores Company

The policy of the United Cigar Stores Company is to directly stimulate profitable business by means of bonuses. Different plans are used in various territories. A bonus is given to managers whose stores show an increase over the business the store would get in the normal course of events. The company uses bonuses to direct the selling activities of the clerks into the most profitable lines. In a word, the bonus policy works hand-in-hand with the merchandising and sales activities. *Industrial Relations*, May 17, 1924.

#### Firm Gives Employees Extra Winter Vacations

The William Filene's Sons Company have announced that the employees are to have annual winter vacations with pay, in addition to the annual summer vacations with pay. Workers who have had ten years' service or more will be eligible to winter vacations of two weeks, making four weeks each year. Those who have been with the firm five years will get one week's vacation in the winter. *Chicago Tribune*.

### 658.86 Salesmen: *Selection, Training, Compensation*

#### How to Get Salesmen to Use the Sales Manual

Many plans are given which are in use by large companies, and finally there is the plan used by a nationally known manufacturer of an automobile accessory. In this concern the salesmen are required to learn the manual word for word, and to pass a stiff examination on it. Then about once every six or nine months the men are brought back into the factory and they go through the same procedure again. By E. B. Weiss. *Printers' Ink*, May 8, 1924, p. 41: 3.

#### Short-unit Courses for Store Employees

The ignorance of salespeople about the merchandise they are selling and their inability to realize it should be the basis upon which short-unit courses are organized. The short-unit courses which are at present being offered are: Within stores themselves; Evening school courses confined mostly to textiles; University extension courses offered in textiles; Special courses offered by retailing departments of the public schools. By Helen Haynes. *Vocational Education*, May, 1924, p. 733: 2½.

#### The Kind of Sales Manager Who Builds An Organization That Endures

The general sales manager of Procter & Gamble Distributing Company believes that if managers of men could feel that whenever they lost a man it was their fault, that whenever a man failed it was their fault, that whenever a man dragged it was their fault, they would have the true outlook upon the organization. A sales manager should go farther than the mere knowledge of what his men are doing in business hours; he should also know their home conditions. Without this knowledge he cannot cope wisely with a situation. By R. R. Deupree. *Sales Management*, May, 1924, p. 977: 2.

#### Education for Retail Selling in Rochester, N. Y.

Interest in retail selling education on the part of the merchants of Rochester, N. Y., is shown by the fact that William Eastwood Company, shoe retailers, and the Merchants' Advisory Council on Courses in Retail Distribution in Rochester Schools recently entertained 125 retail selling students from the Rochester high schools at the Chamber of Commerce. This meet-

ing was the first step in a new plan to develop co-operation between the stores and the schools by bringing pupils into contact with retail merchants. According to this plan other meetings with retailers will be held, to the end that the pupils who are studying retail selling education in the public schools may be brought into contact with those who are best qualified to instruct them in matters pertaining to retail distribution. This is a very important step in the right direction, and one that should be taken by those who are dealing with retail selling education problems in other cities. *Vocational Education*, May, 1924.

### 658.89 Salesmanship:

#### The Rickenbacker Plan for Breaking in New Territory

When the Rickenbacker Motor Company was formed, they realized that their chief problem was to get distribution. They developed this distributing organization progressively and systematically. They first chose a strip of territory which they considered to be the wealthiest, most progressive, most highly developed, and most thickly populated part of the country, and appointed distributors in twenty-five of the leading cities. Production has followed distribution, and the results have equalled their fondest expectations. By Captain E. V. Rickenbacker. *Sales Management*, May, 1924, p. 919: 2.

#### A Druggist Prescribes

The druggist finds that the motor car has helped wonderfully the sale of cosmetics. Before one goes into the drug business one should study the town. Count the number of persons who pass certain spots each day. Count the motor car traffic and study how it acts. The druggist is the man who can study to best advantage the contrasting buying habits of men and women. By Michael J. Phillips. *Business*, May, 1924, p. 19: 2.

### Tendencies in Sales Management

This paper attempts to consider "certain aspects of the newer sales management which indicate a tendency on the part of those responsible for distribution to approach their problems with the mental attitude of scientific management. The extent of this tendency may be indicated by a specific reference to principles enunciated by Taylor." It indicates tendencies toward:

"1. The conduct of sales operations on the basis of facts determined by research, analysis and experiment—the substitution of scientifically determined and relatively certain plans and methods for relatively uncertain 'rule-of-thumb' methods.

"2. The selection and progressive training of salesmen on the basis of ability to comprehend the fundamental sales strategy and methods which express it—to comprehend and carry out specific plans.

"3. The assumption by the sales manager of a larger share of the responsibility for selling through such means as analyzing markets, planning campaigns, discovering primary sales ideas, devising suitable methods of personal salesmanship in accordance with them, and trying out and proving these methods in advance of a campaign." By Stuart Cowan. *Bulletin of Taylor Society*, April, 1924, p. 72: 14.

#### We Reduced Our Territory 80 Per Cent and Quadrupled Sales

The president of the Newark Electrical Supply Company made a careful study of the extended territory which they had been covering in order to determine the market, the cost of selling and the competition. As a result of this study they decided to confine their selling to a territory of about 400 square miles in northern New Jersey. Because they can be in closer and more frequent touch with their customers in this restricted area they do not suffer so much in business slumps. Another of their policies is to control their sales and to sell only to people who



will pay their bills. By O. Fred Rost. *Advertising Fortnightly*, April 23, 1924, p. 19: 2.

#### What American Sales Managers Should Know About British Patent Laws

As American business men visiting England will probably try to secure some amount of business during the coming months, an elementary knowledge of those laws which affect their business enterprise is necessary. This article deals chiefly with the patent laws. By Leslie Pocock. *Sales Management: British Market Section*, May, 1924, p. 1031: 2.

#### Why We Cut Our Line From 1,000 to 24 Varieties

By simplification and concentration on a few varieties of men's suits, the Middleshade Company was able to achieve these results; 1. Manufacturing cost, 25 per cent to 30 per cent lower; 2. Selling cost, about 35 per cent lower; 3. An edge

on competitors due to passing these savings on to the retailer; 4. Year-round production which gives the company an advantage in the labor market; 5. Ability to reach new markets, thus tending to stabilize distribution; 6. Increased profits from increased volume. By Louis Sussman. *System*, May, 1924, p. 623: 3½.

#### How the Model Stock Plan Fits Every Business

In the concluding article of his series Mr. Filene tells how his Model Stock Plan can be adapted to business other than retailing, for example: book selling, flower marketing, groceries and fresh fruit. The selling price can be adjusted to fit a large market when the seller determines at what point there will be the largest demand for his product. The chain store has flourished because of the theory of concentrating on one line. By Edward A. Filene. *System*, May, 1924, p. 637: 5.

## Survey of Books for Executives

**The Labour Theory of Value in Karl Marx.** By H. W. B. Joseph. Oxford University Press, 1923. 176 pages.

This little volume shows clearly the erroneous assumptions of fact in the teaching of Karl Marx. The author shows the inconsistency between the consequences of Marx's theory of value and the actual facts. The truth is that Marx's argument is based on the use of the word 'labour' in one branch of the argument and its use in a different sense in the other branch. It is what the logicians call "an undistributed middle." He says that all value is created by labour and that therefore labour ought to have the entire product. In the first branch of the statement he necessarily uses labour, not in the sense of manual labour, but in the sense of productive energy. In the second branch of his argument he limits the application of the word labour to those engaged in the manual part of it. In point of fact, as every

student of life knows, there is involved in the production of useful articles executive and organizing ability, directive skill and in many cases scientific knowledge and inventive power. The use of capital is also necessary to enable all these qualities and faculties of the human mind to attain the result. That capital is nothing in the world but stored energy. It is like the artificial lake for the distribution of water. To construct this there must be built a dam. Into the basin formed by the shore and the dam there flow many streams. The volume of water thus accumulated is distributed in a thousand ways, through aqueducts and pipes. Now, if all these forces be included in the word labour, as they ought to be, then it is true that they do get the entire product. They do not get it in precisely the same proportions, but, be the proportions larger or smaller, the entire result goes to the various forces that have produced it.



An illustration of this is to be found in an industrial story within the experience of the writer. In 1857 crude petroleum was known to exist. It oozed out of the earth in sundry places. The only use to which it was put was that of an ointment for rheumatism, but its smell was so disagreeable that even for this its use was limited. All the manual labour in the world had never utilized it. Some scientific men conceived the possibility of purifying it and making it available for illumination as a substitute for whale oil and candles. Other men who had some capital accepted the proposition and furnished the capital which enabled the scientists to purify the oil. Then again, from the by-products of the distillation other scientists discovered that gasoline, vaseline, lubricants and many other useful articles could be made. That combination of capital, energy, organizing and directive ability, scientific skill and manual labour has produced vast quantities of useful articles that man is using the world over. Some great fortunes have been realized by the industrial leaders, but the aggregate of these fortunes is small in comparison with the aggregate of the product which is utilized by mankind. This has been admirably put by Burton Braley, the Secretary of the United Mine Workers of America, in some verses that Marx and his disciples should take to heart:

"Back of the motors humming,  
Back of the belts that sing,  
Back of the hammers drumming,  
Back of the cranes that swing,  
There is the eye which scans them  
Watching through stress and strain,  
There is the Mind which plans them—  
Back of the brawn, the Brain"

EVERETT P. WHEELER.

**Labor Turnover in Nebraska Department Stores.** By the Committee on Business Research of the College of Business Administration. University of Nebraska. Lincoln, 1924. 19 pages.

The opening sentence of this booklet makes the declaration, "Labor turnover refers to *replacements* in the working force of an establishment during a given period."

Later it explains that "extra employees engaged for the short rush periods of the spring and fall and before the Christmas holidays have been excluded from consideration."

Only a comparatively small group occur in this method of computing turnover, hence the study is rendered almost valueless, statistically, for comparative purposes in other establishments. Some figures of the estimated cost in dollars, of labor turnover, are interesting, if true, although consolation is offered to management in this sentence, "although during a given year the employer expends several hundred dollars in training new employees, this expense may be in part *regained* if the employees remain with the firm long enough to prove their services to be of value."

The study is chiefly of value in emphasizing the economic loss to employer and employee of labor turnover.

J. N. McFEE, *Personnel Manager,*  
*Hutzler Brothers Co.*

**We and Our Work.** By Joseph French Johnson. Boni & Liveright, Inc., New York, 1923. 301 pages.

**We and Our Government.** By Jeremiah W. Jenks and Rufus Daniel Smith. Boni & Liveright, Inc., New York, 1922. 223 pages.

**We and Our History.** By Albert Bushnell Hart. Boni & Liveright, Inc., New York, 1923. 319 pages.

These books are issued under the editorial direction of Donald F. Stewart, President of the American Viewpoint Society—a department of Boni and Liveright. Other volumes are to follow, such as: History of the United States; We and Our Neighbors; Our Treasures on Land and Sea; The Mighty Commerce of a Nation; Who and What We Are; Public and Personal Society; The American—Author, Artist, Builder, and To Learn—Where and How.

Each of these books is simply and clearly written but their main claim to distinction lies in the numerous illustrations with their captions which re-express the text of the books. In one volume there are over 500 pictures. They are

intended "to make in themselves a simplified and concise text emphasizing the outstanding points in each chapter much in the same manner as a moving picture develops its theme."

Primarily the books are intended as texts for grade or high school pupils but they might be used as texts for the teaching of citizenship and economics to adults. The volume on "We and Our Work" might prove a very satisfactory text for the teaching of economics to employees.

**Taxation: The People's Business.** By Andrew W. Mellon. The MacMillan Company, New York, 1924. 229 pages.

There is no other problem before the American business public which is more acute or which is provoking more discussion than the question of tax reduction.

This book by Secretary Mellon, issued at the height of partisan discussion of a problem which should be approached solely from the point of view of the national interest, is the most important contribution to the subject which has appeared.

The point of view of the material contained in the book has appeared from time to time in the daily press. The point which is stressed by Secretary Mellon is that "the problem of the Government is to fix rates which will bring in a maximum amount of revenue to the Treasury and at the same time bear not too heavily on the taxpayer or on business enterprises."

Everyone knows that there is a large element in Congress that desires to make the tax burden fall most heavily on those with larger incomes. The opinion seems to prevail that the way in which to do this is to place high surtax rates on large incomes. But this situation is complicated by the fact that there are in the country today about \$10,000,000,000 worth of tax-exempt state and municipal securities. As a consequence, the high surtax rates are driving capital into investment in these tax-exempt securities and away from productive industry. The result is that the expansion of industry and competition with established industry is being discouraged and extravagant expenditure on non-pro-

ductive public improvements is being encouraged and facilitated. Secretary Mellon believes that the Government will receive more revenue from the owners of large incomes at much lower rates of tax than it would receive at the present rates.

The book contains a most illuminating chapter on "Treasury Policies." One of these is that the budget ought to be balanced and the other that the public debt should be paid. These are policies established by Alexander Hamilton. Secretary Mellon calls to our attention the fact that at present the true state of Government finances cannot be known because the practice was initiated during the war of authorizing expenditures by means of indefinite or revolving-fund appropriations which often conceal even the fact that an appropriation is being made. Government funds are diverted before they are covered into the Treasury and the practice has reached such proportions as to be a matter of grave concern. Congress has created a dangerous precedent by allowing Government money to be expended without the direct control of Congress or the supervision of the Treasury.

Charts showing the distribution of ordinary receipts of the Government and of Government expenditures charged against ordinary receipts are most interesting. 65.50 per cent of the ordinary receipts for the fiscal year ended June 30, 1923, comes from internal revenue, and of this 41.89 per cent comes from the income and profits tax.

The analysis of expenditures shows that 39.31 per cent of expenditures are for national defense, including nearly 20 per cent for pensions and the Veterans' Bureau, expenditures which grew out of our past wars. This does not include 28.56 per cent of interest on the public debt and 10.89 per cent for the sinking fund and other debt retirements, most of which is due to past wars.

Secretary Mellon proves conclusively that the high surtaxes have resulted in a transfer of resources into tax-exempt securities by the wealthy. The relation of the sound tax system to the labor problem is

clearly shown in the following paragraph:

"It should help to solve the housing problem, to make possible lower freight and passenger rates by getting the railroads back on an efficiency basis, to increase savings due to the reduction of taxes on earned incomes and the lower brackets and thereby to increase the buying power of the earning class and to raise its standard of living. It will also promote industrial and business activity by diverting into productive enterprise funds which are now going into tax-exempt securities. This should increase the number of jobs and at the same time advance general prosperity."

Secretary Mellon apparently accepts the old policy that "the cost of a great war cannot be borne entirely by taxes, it must be financed in part by credit which can be accomplished by long-time loans." This may be true in the present state of popular economic thinking, or as a matter of political expediency, but economists have demonstrated conclusively that it is not a sound economic view. We cannot pass the cost of the war on to the future as a whole. War must be paid for in the form of food which soldiers eat, shoes which they wear, guns which they carry, munitions which they use and all the other materials which are used up in the course of the war. Things cannot be used which have not yet been produced. The financing of the war by means of long-time loans simply changes distribution of the cost within the nation, but if the last war had been financed out of current income, as it was supported out of current production, our current taxation problem would not exist.

W. J. DONALD.

**Advertising the Retail Store.** By Benjamin H. Namm. U. P. C. Book Co., New York, 1924. 228 pages.

Major B. H. Namm, author of the above named book, is the son of the founder of a great retail store located in Brooklyn. He is now making a big success of the management of the business on his own account. The good, practical sense useful

in managing his business has been expressed in this book.

The material is presented in the form of simple little chapters constituting lessons in advertising on what is best to do and how to do it with particular reference to large department stores.

The chapters on "Preparing the Advertisement," "Printing Fundamentals" and "Institutional Advertising" are exceedingly well done in that they are very clear and simple, but at the same time adequate at least for a beginner.

There is nothing very new about advertising presented in the book. The same story has been told before but probably never in such an easily understood way.

Discussions on the reasons back of retail advertising are not frequent and occasionally those that do occur are not well founded. For example, the statement that a retailer in a poor location must spend more money for advertising than a retailer in a good location is repeated. This statement seems to be correct as a generalization, but in actual practice the stores that use the most advertising are the ones that are best located, considering not only the total volume of advertising but also its relation to sales.

As a matter of fact, it seems to be more nearly true that much more advertising can profitably be done by a store that is well located than by a store that has a poor location. Both the poorly located and the well located stores have their possibilities through advertising. Going beyond either possibilities results in loss.

The introduction to the book has been written by Arthur Brisbane, editor of the *New York Evening Journal* and the other Hearst papers. Namm's used over a million lines in the *Journal* and also another million in the *New York Sunday American* in 1923. Brisbane's article is written in his usual snappy and inspiring style.

The mechanical work on the book is excellent. Both type and page faces are exceedingly pleasing. There is a helpful glossary of advertising terms at the end.

PAUL H. NYSTROM, *Director,*  
*Retail Research Association.*